### **National Park Service**





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# CAPITAL ASSET PLANS

Part 1: The Big Picture

### **AGENDA**

#### The Capital Asset Plan and Business Case

- The Big Picture
- Definition & impetus
- Schedule
- Scoring Implications
- How to write a good one
  - Types of input required
- Variances
  - Consequences
  - Earned value and other calculations
- Questions

### What is the BIG PICTURE?

- Congress
  - The Office of Management and Budget
    - Insures capital improvements are sound business investments
    - Details the process in Circular A-11
    - Uses Capital Asset Plan and Business Case format

Evaluates
 investment
 progress
 through
 Earned Value
 updates

## Where does Department of Interior come in?

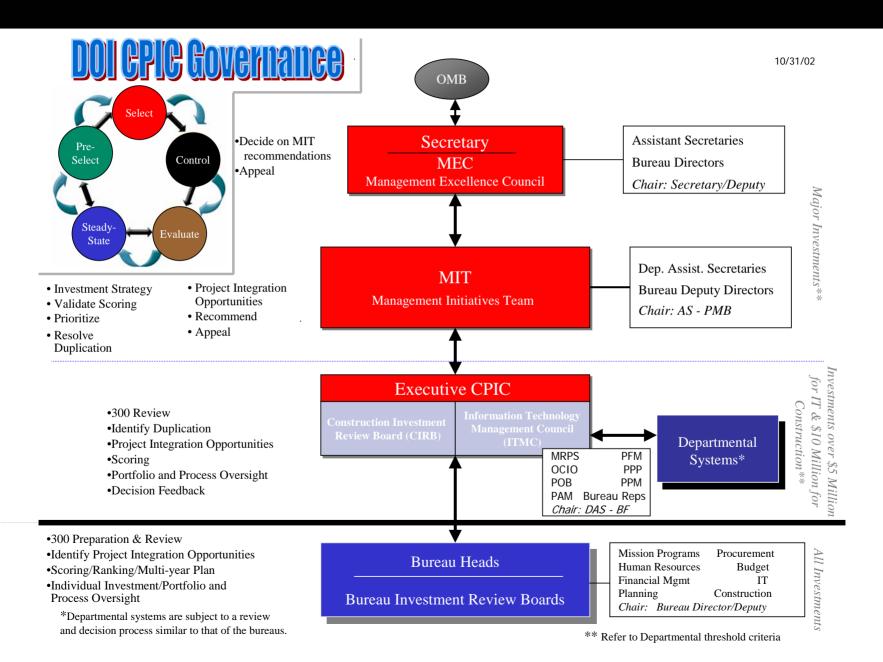
- Developed a process for complying with OMB's Circular A-11
- Set up 3-tiered DOI boards
  - Management Excellence Council (MEC)
  - Management Initiatives Team (MIT)
  - Executive Capital Planning and Investment Control Team (Executive CPIC).
- Established the Capital
   Planning and Investment
   Control Guide, or "CPIC"
  - Selects agency projects for funding
  - Monitors projects underway

### What are Capital Assets?

### As defined by OMB:

- Land, structures, equipment and intellectual property (i.e., software)
- Used by the Federal Government
- Have estimated useful life of 2 years or more
- May be purchased, constructed, manufactured, leased, or exchanged
- Are not
  - Operating expenses
  - ▶ Maintenance
- For NPS purposes, must have a value of at least \$100,000

### Capital Planning and Investment Control--Governance



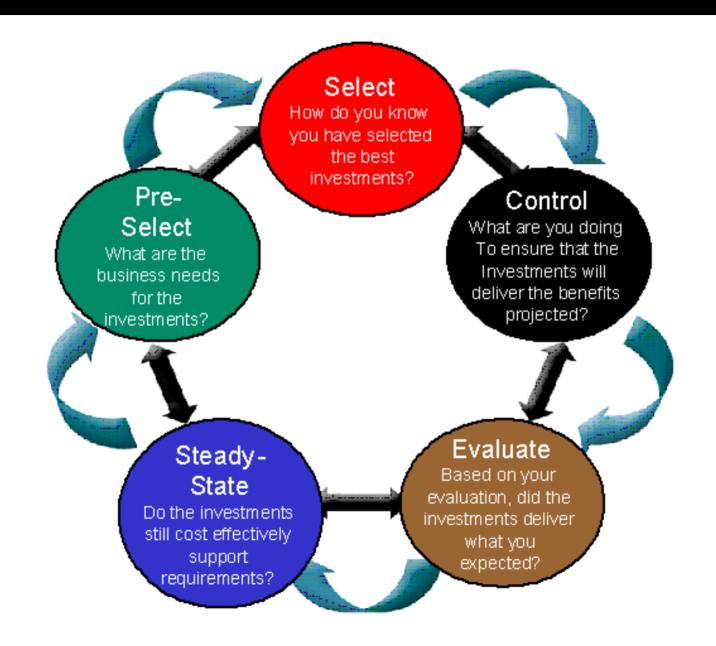
### **CPIC** Thresholds--major construction investments

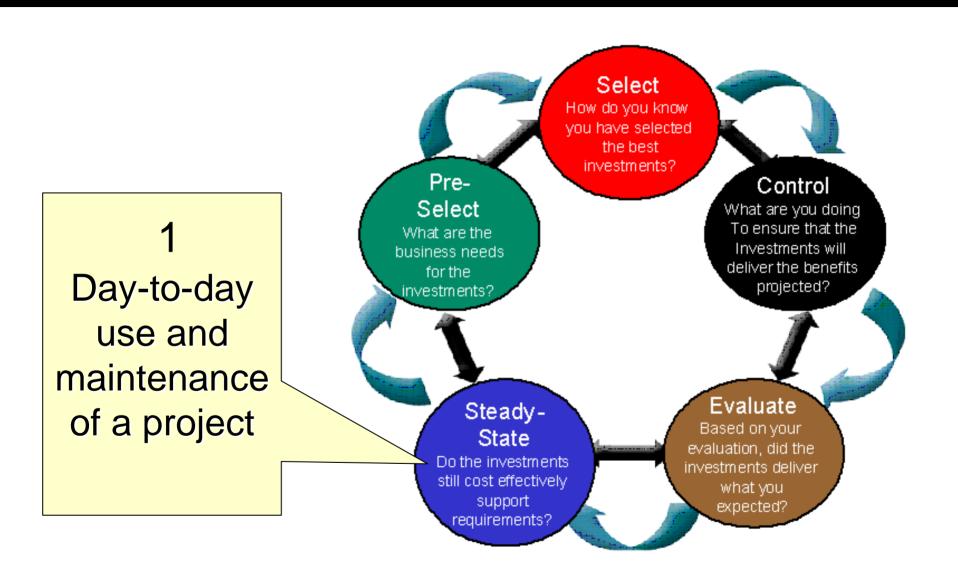
#### **CURRENTLY APPLIES TO LINE ITEM CONSTRUCTION**

- With total design and construction costs greater than \$10 million
- Directly supporting the President's Management Agenda Items of "high executive visibility"
- By Inter-bureau and/or agency projects
- Other significant projects requested by OMB
- Any phased projects

### Are there other types of projects that need a CAP?

- Not required for FLHP projects--yet
- Not required for Fee Demo except when requested by OMB
- Required for Flood Recovery (YOSE) as requested by OMB
- Required for Housing if Line Item





### What does DOI mean by "steady-state"?

# Steady-state phase means the maintenance of the facility throughout its life

CPIC PROCESS STEPS		NPS APPLICATION		
1.	Prepare maintenance plan	1.	Prepare facility maintenance	
2.	Evaluate operations against		plan	
	plan	2.	Evaluate operations against	
3.	Identify facility deficiencies		plan	
	and needs	3.	Identify facility deficiencies	
4.	Quantify needs & prepare		and needs	
	initial project description &	4.	Quantify needs & prepare	
	justification		initial project description &	
			justification	

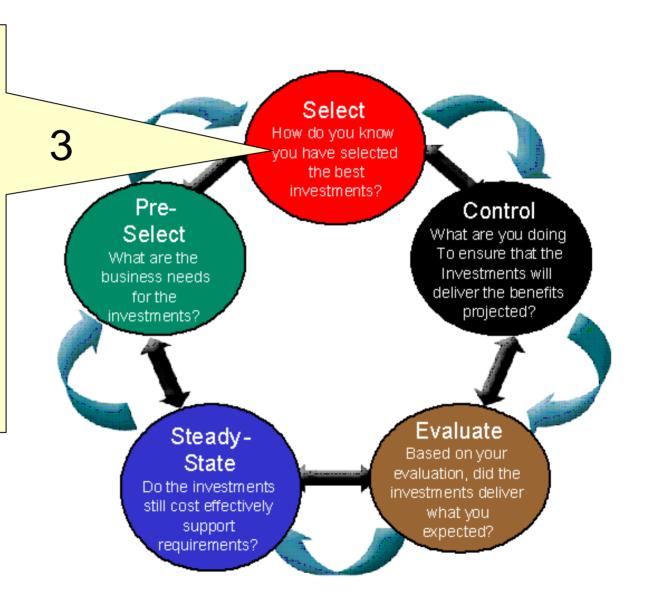
Select How do you know you have selected the best Development investments? Pre-Control Select of the 5-year What are you doing To ensure that the What are the Investments will business needs plan deliver the benefits for the projected? investments? Evaluate Steady-Based on your State evaluation, did the Do the investments investments deliver still cost effectively what you support expected? requirements?

### What does "pre-select" mean?

Pre-select involves development of the 5-Year Plan for Construction—business needs for investment.

CPIC PROCESS STEPS		NPS APPLICATION		
1.	Identify project sponsor	1.	Identify Park Superintendent as	
2.	Prepare needs assessment &		sponsor	
	project data sheets	2.	Enter needs assessment & data	
3.	Evaluate & rank proposed project		sheets into PMIS	
	requests	3.	Rank projects by multi-disciplined	
4.	Evaluate draft 5-year plans		team, prepare 5-year draft plan	
5.	Revise, prepare final 5-year plan	4.	Review draft 5-year plan by NPS	
6.	Review, approve 5-year plan		Investment Review Board	
		5.	Prepare revised 5-year plan	
		6.	Send approved 5-year plan to DOI	

Selection and approval of an individual project for submission into the NPS Budget, or Greenbook



### What is the "select" phase?

# Select the best investments for entering into the NPS budget, or "Greenbook"

MPS budget, of Greenbook				
CPIC PROCESS STEPS		NPS APPLICATION		
1.	Develop Integrated Project Team (IPT) & validate project scope	1.	Evaluate project by NPS IPT & validate scope (approximately 3	
<ul><li>2.</li><li>3.</li></ul>	Identify & secure project development funding Initiate project development	2.	years before construction)  Prepare project agreement and financial spending plan	
4.	Finalize Capital Asset Plan & Justification (CAP)	3.	Prepare CAP as project development begins	
5.	Review & approve CAP	4.	Submit draft CAP to Construction	
6.	Review & validate project Recommendation		Program Management Office through Region Coordinator	
7.	Approve Bureau CAP & submit to OMB	<ul><li>5.</li><li>6.</li></ul>	Obtain approval of WASO CPM Send approved CAP to DOI	

# Where does responsibility lie during "Selection"?

	PROCESS STEP	RESPONSIBITY
1	Develop Integrated Project Team (IPT) and validate project scope	Project Manager
2	Identify and Secure Project Development Funding	Program Manager (Region or CPM)

**Initiate Project Development (Scoping trip)** 

**Review and Approve CAP** 

**Appropriate Action** 

(CAP)

8

**Prepare Capital Asset Plan and Justification** 

Review Bureau CAP and Scope/Recommend

**Review and Validate Project Recommendation** 

**Approve Bureau CAP and Submit to OMB** 

(Region or CPM)

**Project Manager** 

**Project Sponsor** 

Head

MIT

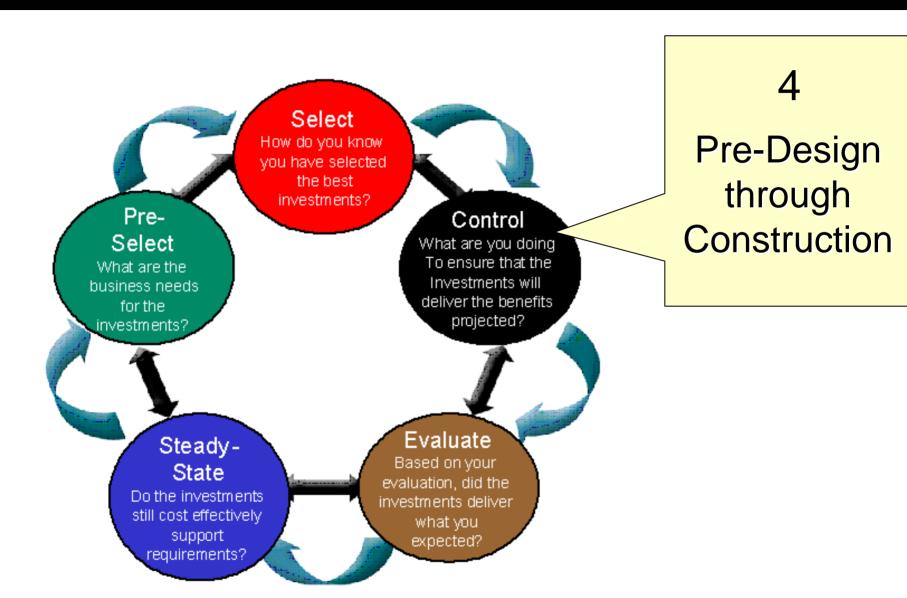
MEC

Secretary

**Bureau Investment** 

**Executive CPIC and** 

**Review Board/ Bureau** 



### What is the "control" phase?

# Insures the investment delivers its projected benefits during design and construction.

#### **CPIC PROCESS STEPS**

- 1. Develop project assessment procedures & operating principles
- 2. Assess performance against CAP baselines
- 3. Prepare & submit quarterly progress CAPs
- 4. Review Bureau progress CAPs & recommend appropriate action
- 5. Review & evaluate projects with variances of 5% or more
- 6. Approve Bureau Cap
- 7. Submit Completion CAP to OMB

#### NPS APPLICATION

- 1. Finalize project agreement
- 2. Develop design alternatives & evaluate using Value Analysis
- 3. Evaluate project performance at Development Advisory Board
- 4. Prepare quarterly CAPs
- 5. Review CAPs through Investment Review Board staff
- 6. Propose corrections for variances
- 7. Obtain NPS CAP approval
- 8. Submit progress & completion CAPs to DOI

	Where does responsibility lie during "Control"?		
	PROCESS STEP	RESPONSIBITY	
1	Develop Project Assessment Procedures and Operating Principles	Project Sponsor	
2	Assess Project Performance Against CAP Baselines	Project Sponsor	
3	Prepare and Submit Quarterly Progress CAPs	Project Manager	
4	Review and Approve Progress CAPs	Bureau Investment Review Board/ Bureau Head	

**Executive CPIC** 

MEC and the

**Project Sponsor** 

/Bureau Head

Secretary

Secretary

MIT

**Review Bureau Progress CAPs and Recommend** 

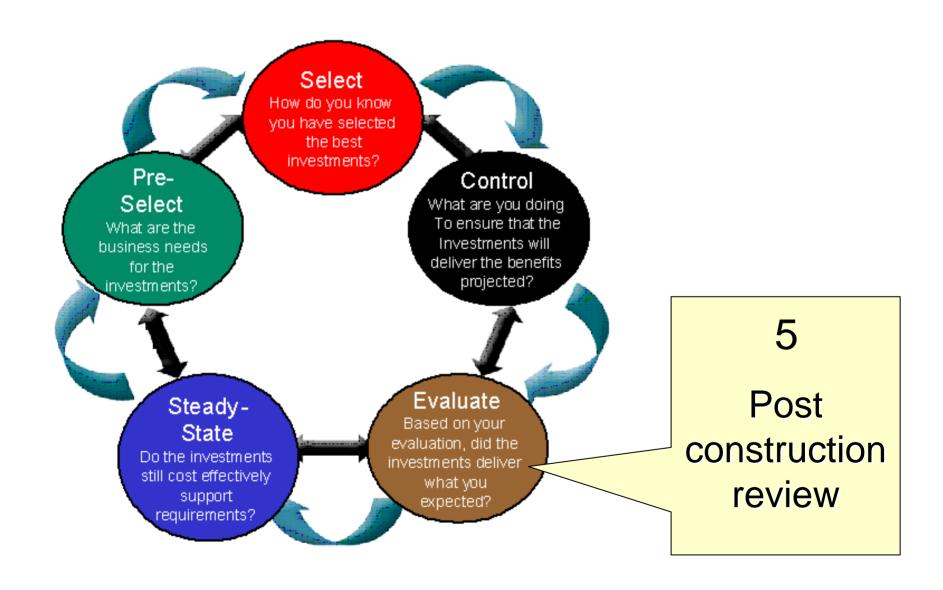
**Review and Evaluate (Projects with Variance Issues)** 

Submit Completion CAP to OMB (Project Close Out)

**Prepare and Submit Completion CAP** 

**Appropriate Action** 

**Approve Bureau CAP** 



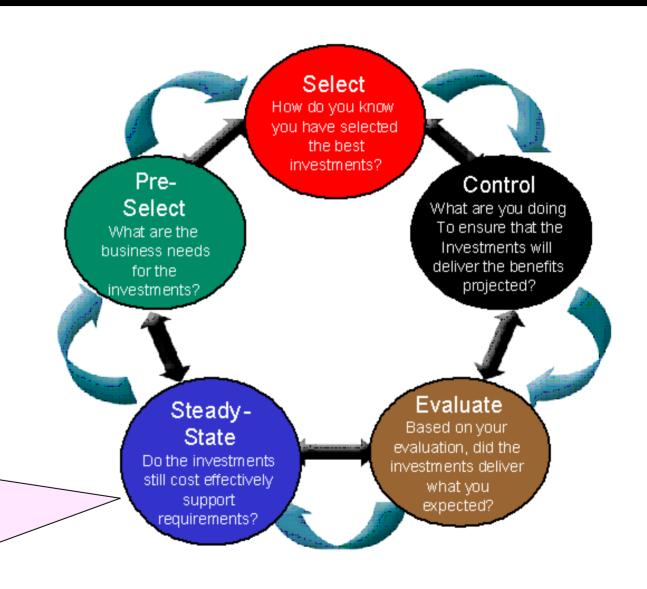
### What is the "evaluate" phase?

Determine whether the investment delivered what was expected.

was expected.			
CPIC PROCESS STEPS		NPS APPLICATION	
<ol> <li>1.</li> <li>2.</li> <li>3.</li> <li>4.</li> <li>5.</li> <li>6.</li> </ol>	Prepare Construction Completion Report  Monitor warranty period Conduct post occupancy evaluation Prepare post occupancy report Document & share best practices/ lessons learned within Bureau & with Executive CPIC Distribute Best Practices/Lessons Learned department-wide	Completion  Monitor properiod & inveneessary  Conduct post & document nodes  Prepare post	abmit Construction Report ject during warranty oke warranties as  st occupancy evaluation a success & failure  coccupancy report gs with design s & other user groups

Start again

Day-to-day use and maintenance



### Does your project need a Capital Asset Plan?

- Applies to all projects \$2,000,000 (total cost) and over
- Reviewed within NPS:
  - ▶ Projects \$2 to \$10M within budget and schedule
- Reviewed by NPS, DOI, and OMB:
  - ▶ Projects meeting CPIC Thresholds
  - ▶ Any project over \$10M
  - Phased projects
  - As requested by OMB

SEND PLAN THROUGH THE REGIONAL COORDINATOR TO WASO CONSTRUCTION PROGRAM MANAGEMENT OFFICE

### Is a CAP static?

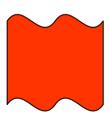
# CAN'T BE: IT COVERS PRE-DESIGN THROUGH CONSTRUCTION

- Update CAP on a quarterly basis
- Use a management technique called Earned Value
  - ▶ Plan, budget, and schedule all work in timephased "planned value" increments constituting a cost and schedule measurement baseline
  - ▶ Demonstrate that the project is on schedule and within budget by comparing what is scheduled with what has been achieved
    - Explain any variances
    - ▶ Propose a remedy to regain schedule or budget

### Anything to watch out for??



### **FOR SCHEDULE AND COST**



Plans with variances from 5% up to 10% go to DOI for Review

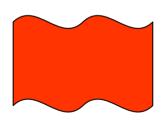


Plans with variances from 10% and over go to OMB for Review

### Anything else to watch out for??



### **ANY PROPOSED CHANGE IN BASELINE**



Goes to OMB for Approval

### What does NPS do with your CAP?

### **AFTER REVIEW BY WASO CPM OFFICE**

- For Projects \$10 million total cost and over
  - ▶ CPM sends to NPS investment review board
  - Review Board sends to Associate Director for Park Planning, Facilities, and Lands
  - Associate Director sends to NPS Director
  - ▶ Director sends to DOI (by May of '03 for '05 construction)
- For Projects from \$2 to \$10 million total cost
  - Sent to Region Coordinator to maintain
    - As long as variances are under 5%
    - If no new baseline is needed

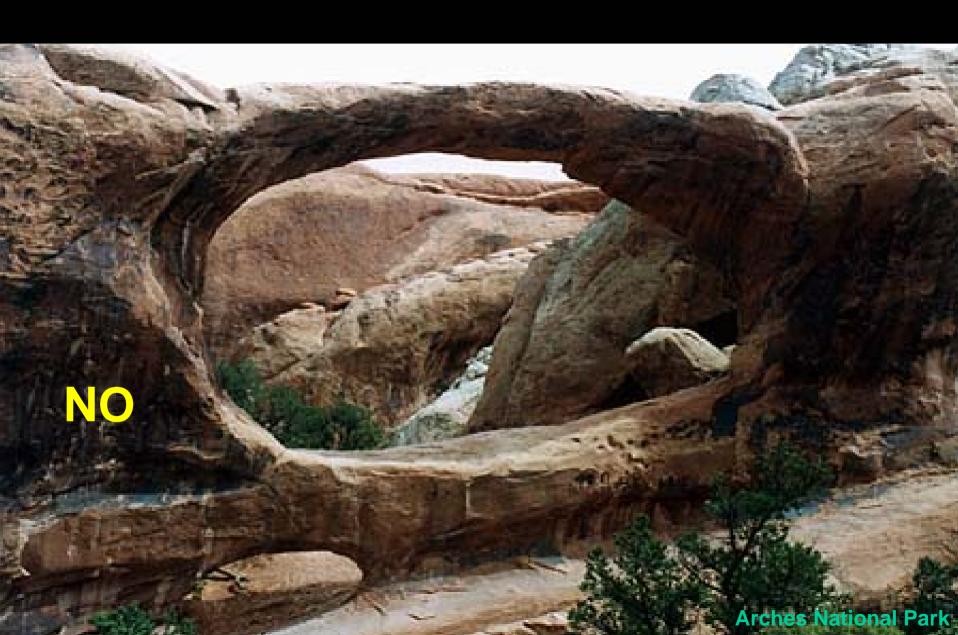
### CAUTION



### Keep in mind

- Based on content of Capital Asset
   Plan, DOI assigns a score
- Based on score, either DOI or OMB may or may not allow the project to go forward
- Scoring only applies to projects over \$10M total

# Are there any loopholes?



# How do you write a good plan?



Until next time . . .

WASO
Park Planning, Facilities, and Lands
Construction Program Management
http://construction.den.nps.gov